THUNDER BAY AND DISTRICT POVERTY REDUCTION STRATEGY: ANNUAL REPORT 2014

BUILDING A BETTER THUNDER BAY FOR ALL

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1. INTRODUCTION

The Thunder Bay and District Poverty Reduction Strategy is pleased to present its first Annual Report. This report draws data from a variety of sources, especially the original data generated from the Lakehead Social Planning Council's Volunteer Income Tax Clinic. The objective is to identify broader social trends, provide data that can be compiled on an annual basis in order to track progress in the Strategy, as well as to provide information for evidence-based policy making.

All social determinants of health are important – education, Aboriginal status, employment, food security, housing, social support, and gender. Income too is a "determinant of health, though it is also a determinant of the quality of life, education, employment and working conditions, and food security. Income is also a determinant of housing, the need for a social safety net, the experience of social exclusion, and the experience of unemployment and employment insecurity across the lifespan". (Raphael, 2009)

Policies aimed at children being raised in the low economic range may therefore have the biggest societal impact. Recent studies show that there are correlative links between brain development and family income. The association between socioeconomic factors and children's brain development are strongest in the lowest end of the economic range, meaning that the more grave the poverty, the more it affects a child's brain (Children's Hospital Los Angeles Saban Research Institute, 2015). Researchers used MRI scans to measure the surface are of the subjects' cerebral cortices (the outer layer of the brain where the most advanced cognitive processing takes place, including language, reading, and executive functions). The researchers measured this area of the brain because previous research shows that the cortical surface area actually increases throughout childhood and adolescence when a child's brain develops. Studies show that the cerebral cortex is smaller in those children who come from lower socioeconomic living situations. **Each incremental increase in income led to greater increases in cortical surface area.** Children from families making $25,000 per year or less have a cortical surface area roughly 6% smaller than those making more than $150,000 (Noble et al, 2015). There is good news though - the disadvantages of being born in poverty are not irreversible, the experts say. With quality care and nutrition, a child born in destitution can have the same potential as the highly privileged (Brown et al, 1996).

2. DEFINING POVERTY

The Canadian Government has yet to endorse an official measurement of poverty, despite pressure from the United Nations Committee on Economic, Social and Cultural Rights (CESC). Because there is no consensus on the meaning of poverty, and there is not a federal plan to address the issue of poverty, the Committee has said that it is difficult to hold Canadian governments accountable for their obligations under the International Covenant on Economic, Social and Cultural Rights. Meanwhile, the cost of managing a growing homeless population in Canada is estimated at $7 billion annually (Gaetz et al, 2013).

Some people would define poverty as the inability to purchase the bare necessities, while others would say that it is the inability to participate fully in the life of one's community. Poverty measurement does not have to be focused on income adequacy: in developing countries the focus is often on caloric intake. Even in developed countries issues such as security and health may enter into definitions of poverty. While these are important issues, this report will discuss poverty as a function of income.

2.1 Low Income Measures

For the purpose of making international comparisons, the Low Income Measure (LIM) is used to determine how many people in a community live in poverty. LIM is calculated as 50% of the median income, adjusted for family size. The adjustment for family size assumes for example that a family of five requires more money to meet all of their needs, than a family of two. The LIM also allows for the fact that it costs more to feed a family of five adults than it does to feed a family of the same size with two adults and three children (Statistics Canada, 2013).

In Thunder Bay and District the LIM is approximately $21,000 per year for a single person (using the 2011 LIM after-tax calculation, adjusted for inflation). Based on this amount, there are more than 15,000 people in Thunder Bay living below the LIM. (see Figure 1)

Brenda can't make ends meet on E.I.
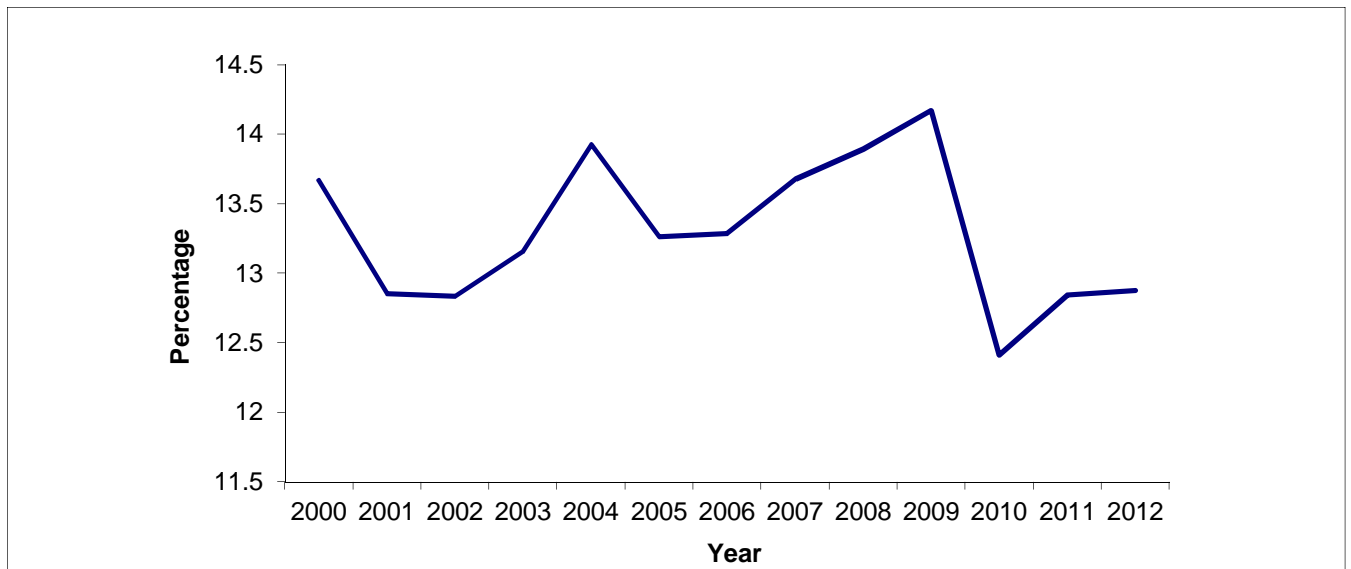
Figure 1: **Percentage of People in Low Income Measure After Tax in Thunder Bay**

Aside from the LIM, it is useful to draw a distinction between "relative" and "absolute" poverty. Absolute poverty concentrates on a person's state of health and life expectancy. It is the lack of one or more basic needs, so that it causes harm to a person or puts their life in danger. Worldwide, statistics show that absolute poverty has declined over the past 20 to 30 years, but this does not show regional differences. Globally, there has been a rise in relative poverty as absolute poverty has been reduced, although **absolute poverty certainly exists for some residents in the district of Thunder Bay** (Ravallion, 2012).

Relative poverty uses a relative measure to gain a definition. In calculating relative poverty, relative measures compare the total income of a particular household against an income level defined as the poverty line for an average household of a similar size in a similar community. This is the most useful measure to ascertain poverty rates in healthy developed nations such as Canada (Collin, 2008).

This definition uses the argument that to be poor is to be distant from the mainstream of society and to be excluded from the resources, opportunities and sources of subjective and objective well-being which are readily available to others (Canadian Council on Social Development, 2001). For example, what defines poor is not just being without, but being without the means to be minimally respected in a particular society at a particular time. Unfortunately, **Canada is among the highest in relative poverty in the developed nations in the world** (OECD, 2008).

This distinction is important in the context of this report, as the data collected shows a very gradual decrease in social indicators of relative poverty (i.e. the LIM and the unemployment rate) and a dramatic rise in social indicators of absolute poverty (i.e. increase in emergency shelter usage) in Thunder Bay and the District.
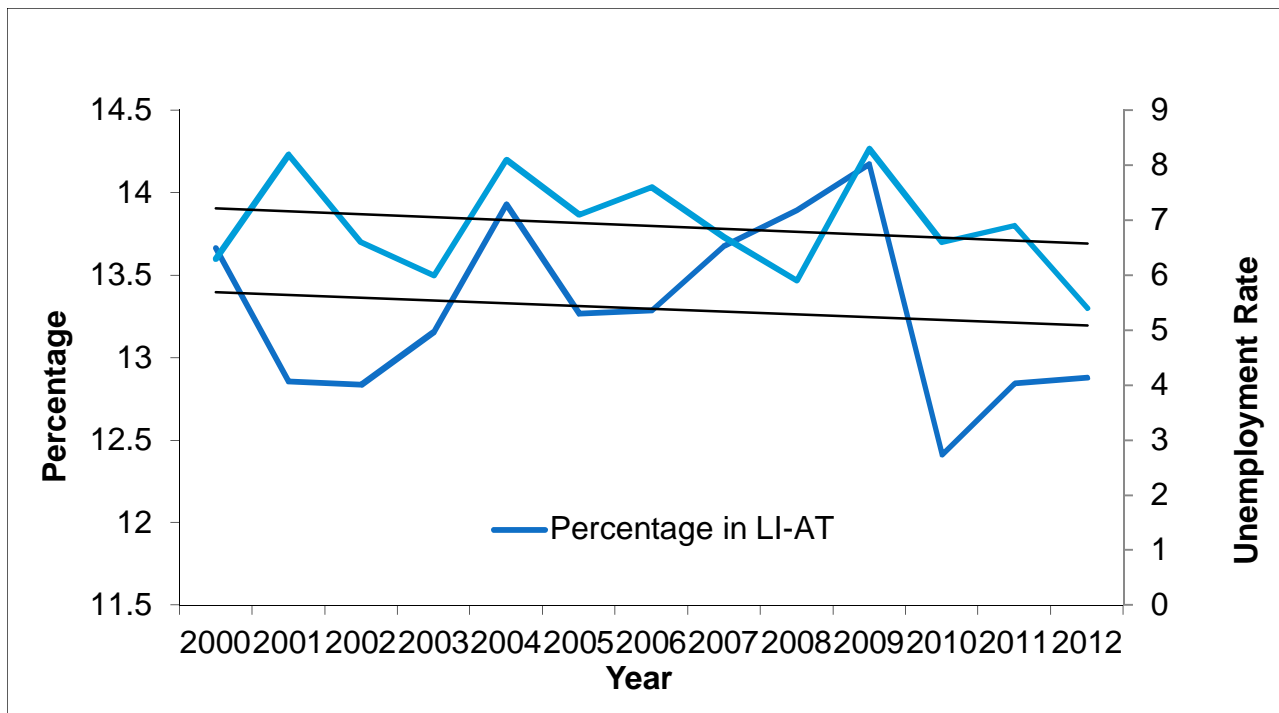

Figure 2. **Percentage of People in Low Income - After Tax in Thunder Bay.**

3. INCOME TAX DATA SAMPLE ANALYSIS

For more than ten years the Lakehead Social Planning Council's Community Volunteer Income Tax Program (CVITP) has been completing tax returns for low income members of the Thunder Bay district. As the program has grown, so has its impact. While the program has a clear, positive financial impact on members of the community, it has also opened other possibilities for data collection and analysis.

When the Canadian Government made the decision to rescind the long-form census and begin use of a voluntary National Household Survey, the ramifications for researchers were and continue to be damaging. Low income individuals were already one of the most underrepresented groups and the changes to census data only reinforce this reality (Canadian Public Health Agency, 2010).

3.1 CVITP Information

In 2013, the CVITP collected and completed over 4000 tax returns for low income individuals in Thunder Bay and to the fifteen member municipalities within the District of Thunder Bay. Low income as defined by the tax clinic is a single individual making $20,000 or less or a couple making a combined $30,000 or less (special circumstances notwithstanding).

The data contained within the over 4000 tax returns contributes to a significant annual sample of low income members of the district of Thunder Bay that can be used to introduce more evidence-based policies that benefit those who need it most. The data made available by the CVITP will be collected annually and will help the LSPC's social planners and researchers identify, assess and contextualize trends year-over-year.

Of the 4000+ tax returns of low income members of the Thunder Bay community and district that have been completed by the CVITP, we have selected a random sample of 1204. The 1204 tax returns will provide a more than adequate sample for assessing, analyzing and extrapolating data to the low income community in Thunder Bay and District.

Although the CVITP does not represent a true "random sampling," it is nonetheless a representative sample of the low income population in Thunder Bay and District. This is demonstrated by the maps below. Map 1 represents CVITP users and their locations by postal code

in the Thunder Bay Census Metropolitan Area. Map 2 is from Statistics Canada and shows the distribution of people living below the Low Income Measure by census tract. The two maps are nearly identical in terms of the distribution of low income individuals.
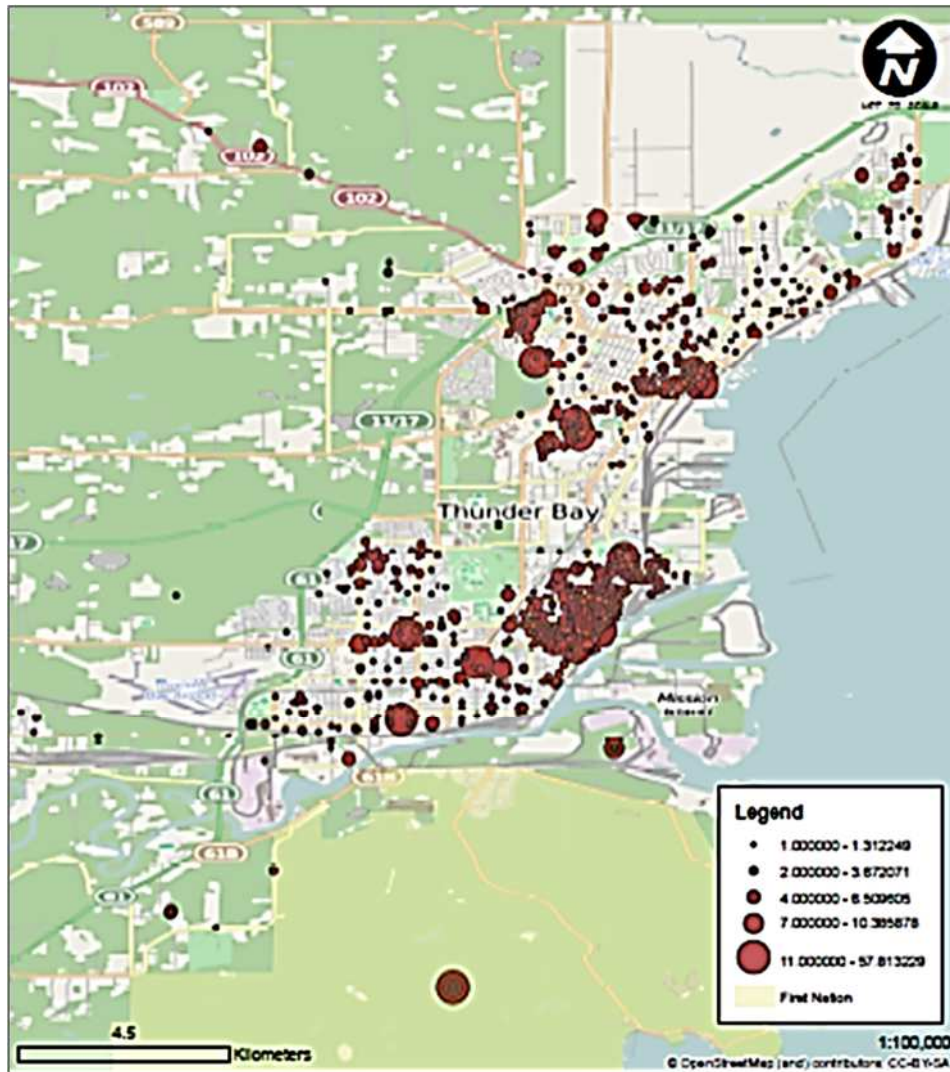
Map 1: CVITP Users and their locations by postal code in the Thunder Bay Census Metropolitan Area
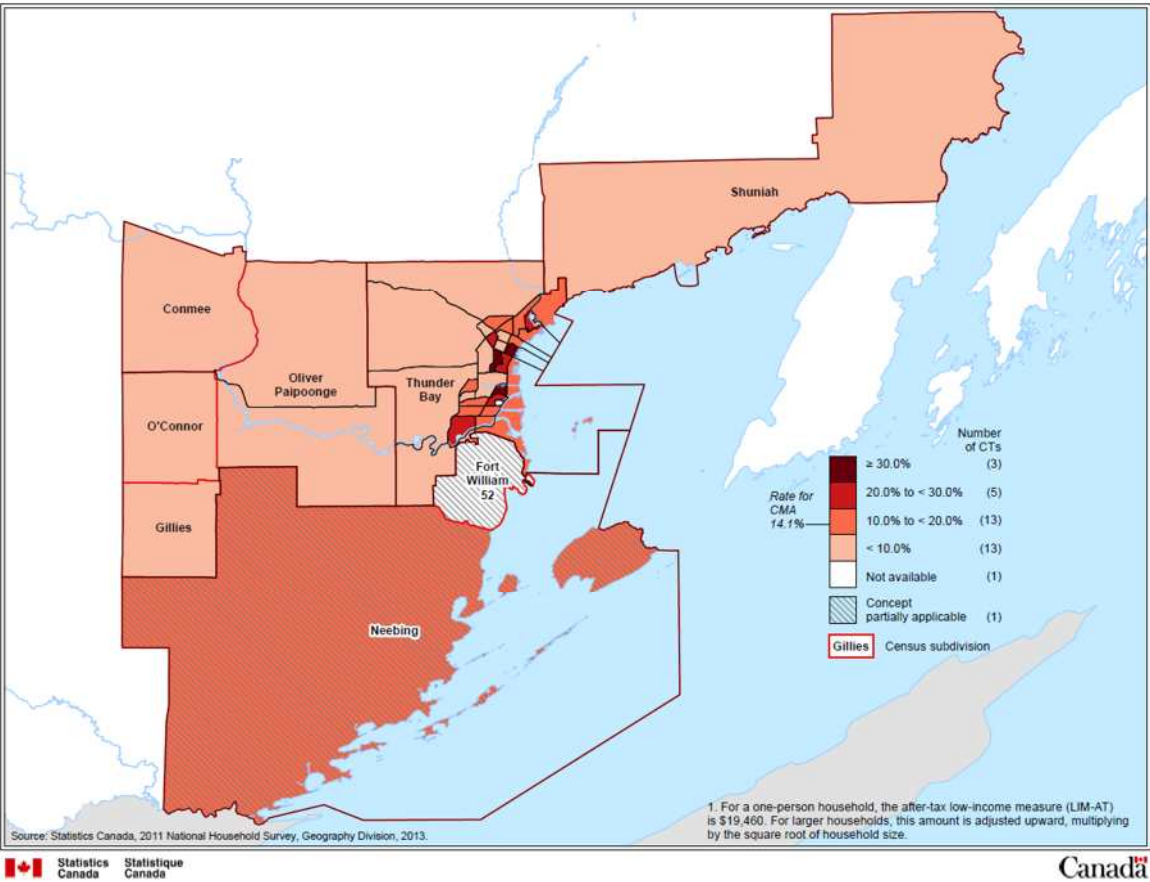
Map 2: Distribution of people living below the Low Income Measure by census tract

4.0 DEMOGRAPHICS

A majority of the low income users of the Tax Clinic 668 (55.4%) identified as Status Aboriginal people compared to their Non-Status counterparts at 537 (44.6%). Meanwhile, the total Status population of Thunder Bay and District is 10,055, only about 8% of the total population (Statistics Canada, 2010). With a vast majority of Aboriginal households living off-reserve – 73.4% in Canada (Patrick, 2014), the population of Status Aboriginal people in Thunder Bay and District continues to grow. This growth is especially obvious in urban areas: half of Aboriginal peoples in Canada now live in urban centres (including large cities or census metropolitan areas and smaller urban centres) (Urban Aboriginal People's Study, 2010). The following figure illustrates this disparity.
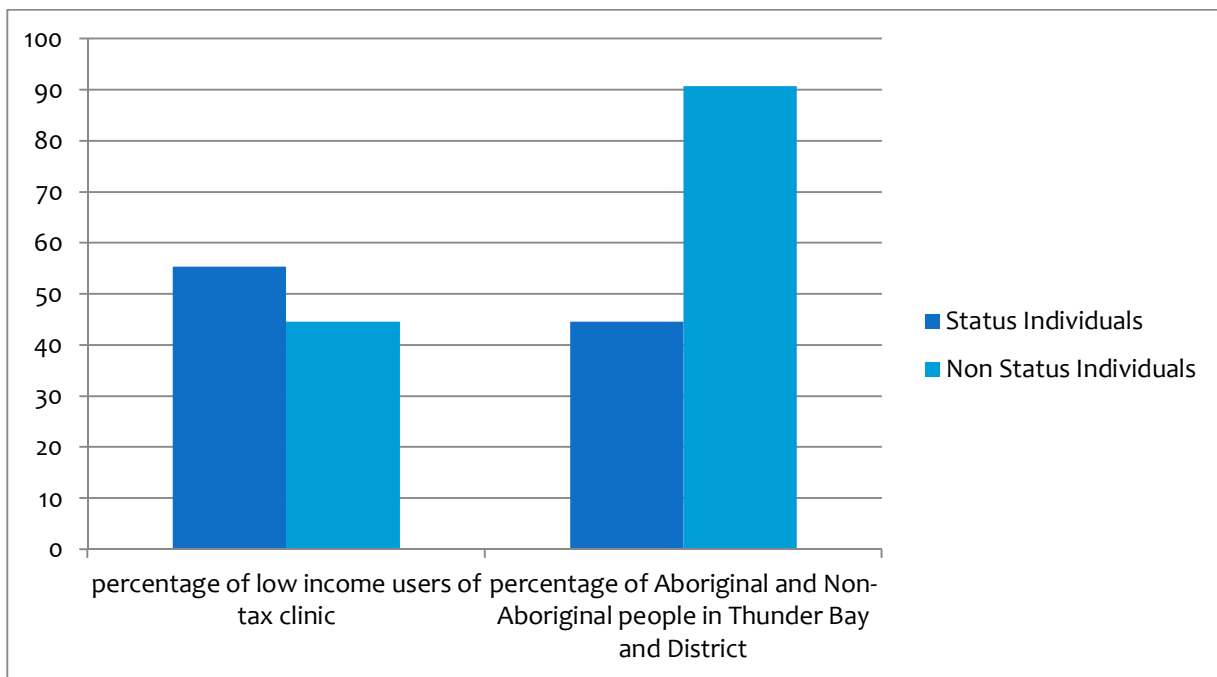
Figure 3. **Percentages of low income users of the tax clinic vs population in Thunder Bay and District.** Figure 3 shows the disparity between low income users of the tax clinic as compared to the population.
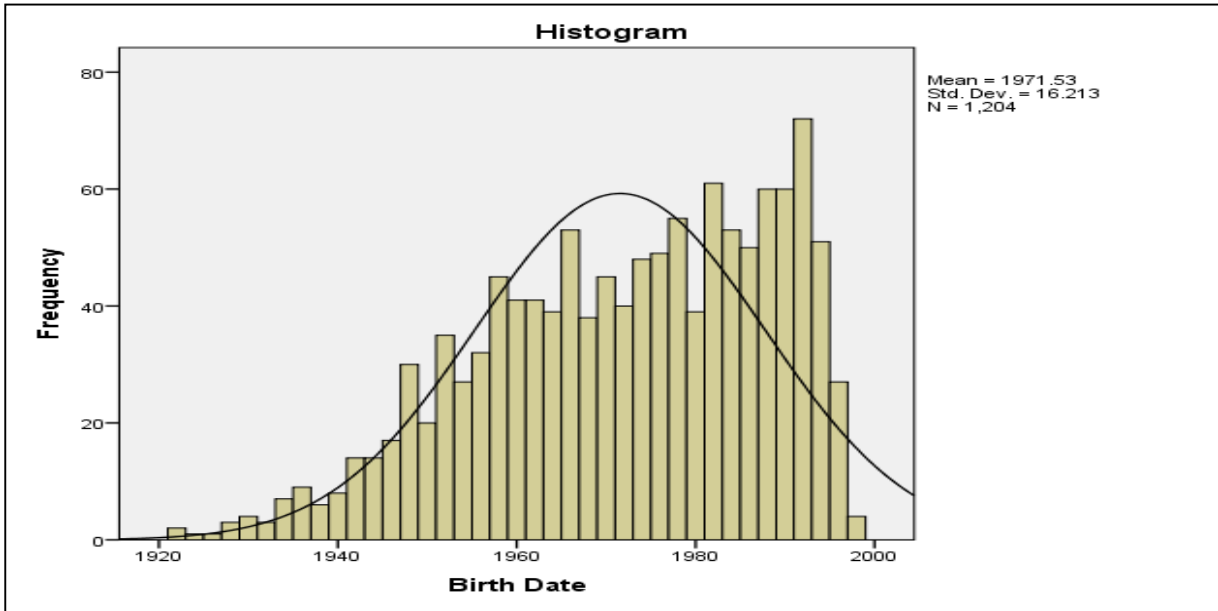
Figure 4. **Birthdates of Users of the CVITP.** Figure 4 shows that of the 1204 person sample, there is a distinct negative skew of the data towards a younger population.
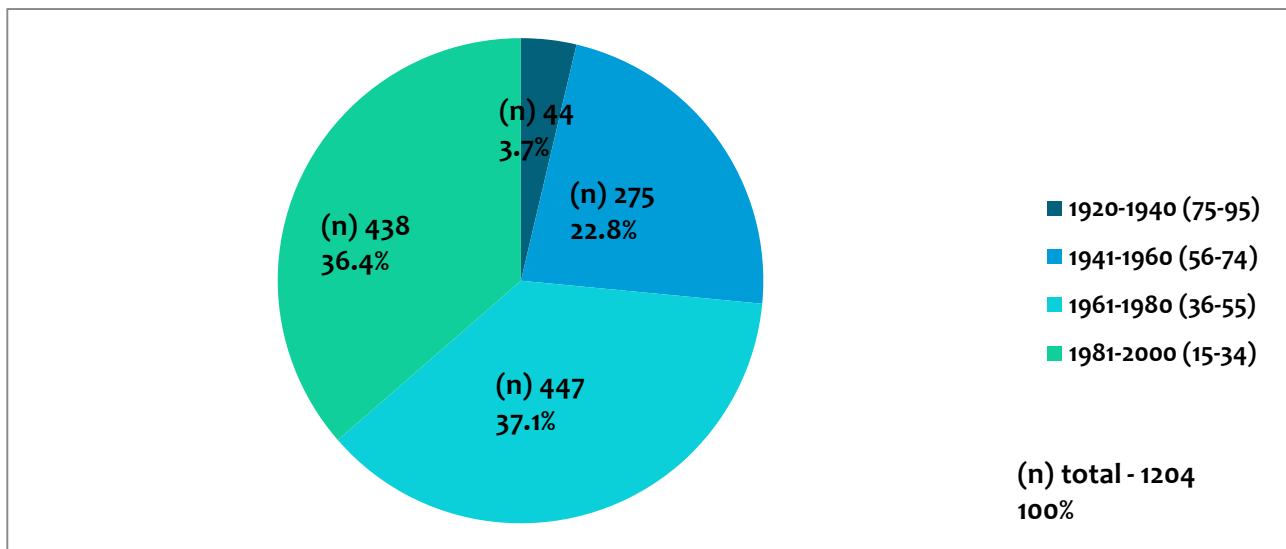
Figure 5. **Ages of Users of the CVITP.** From the 1204 people sampled that utilized the clinic, most were between the ages of 36 and 55 (37.1%), while those from 15 to 34 years of age made up 36.4% of the total. Only 3.7% were over 75 and 23% were between 56 and 74.

5.0 INCOME:

5.1 Pension income

The average Thunder Bay resident over 65 earns $42,000 per year in Pension Income*.

The average user of the CVITP over 65 years of age earns $10,567 per year in Pension Income*.

*Pension Income can include the Canadian Pension Plan and the Survivor's Benefit.

Figure 6. Average Pension Incomes for the average Thunder Bay resident earning retirement income vs the average Pension Income for the average user of the CVITP over 65 years of age.
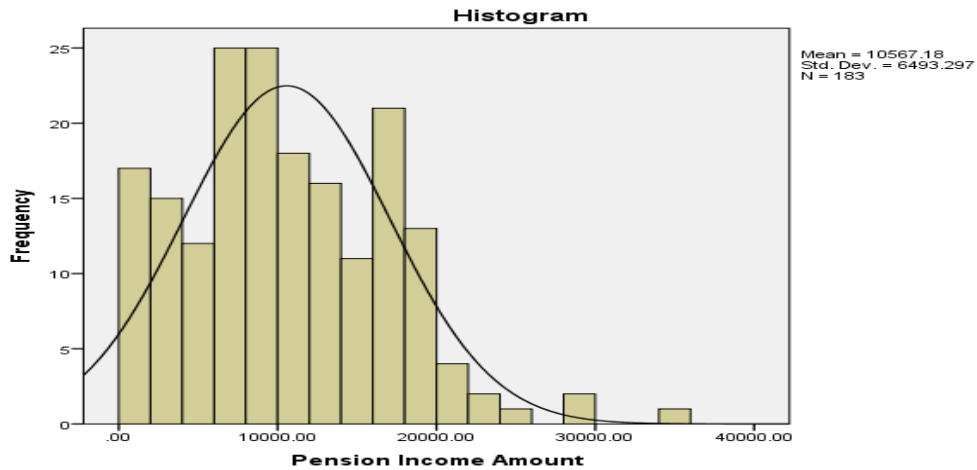
Figure 7. **Pension Income Amounts in Thunder Bay and District.** Sixty-eight percent of individuals earning a Pension Income received between $3,283 and $16,269.

5.2 Employment Income

When comparing the low income individuals employment income to their higher paid counterparts there are huge disparities. Thunder Bay had 65,000 people employed in 2014 with an employment rate of 58.7% (Statistics Canada, 2014). Comparatively those that used the CVITP earned an average of $1991.10 with only 21.9% being employed. The median amount claimed as employment earnings for CVITP users was $5500.32 annually**, while the general population of Thunder Bay and District had a median income of more than $80,000 in 2012 (Statistics Canada, 2014).

	CVITP Users	Population of Thunder Bay and District
Number of people employed	264	65,000
Employment rate	21.9%	58.7%
Median amount of employment income earned*	$5500.32	$80,680

Table 1: **Employment numbers, rate and median income for CVITP users vs. the average population of Thunder Bay and District.**

*The maximum employment income claimed by a CVITP user was only $35,720.

The map below shows the distribution Volunteer Income Tax Program users from outside of the Thunder Bay Census Metropolitan Area. It is unlikely that these individuals travelled to Thunder Bay solely for the purpose of filing their tax returns. As such, **the map demonstrates that the City acts as an important hub for services for individuals throughout the District and region.**
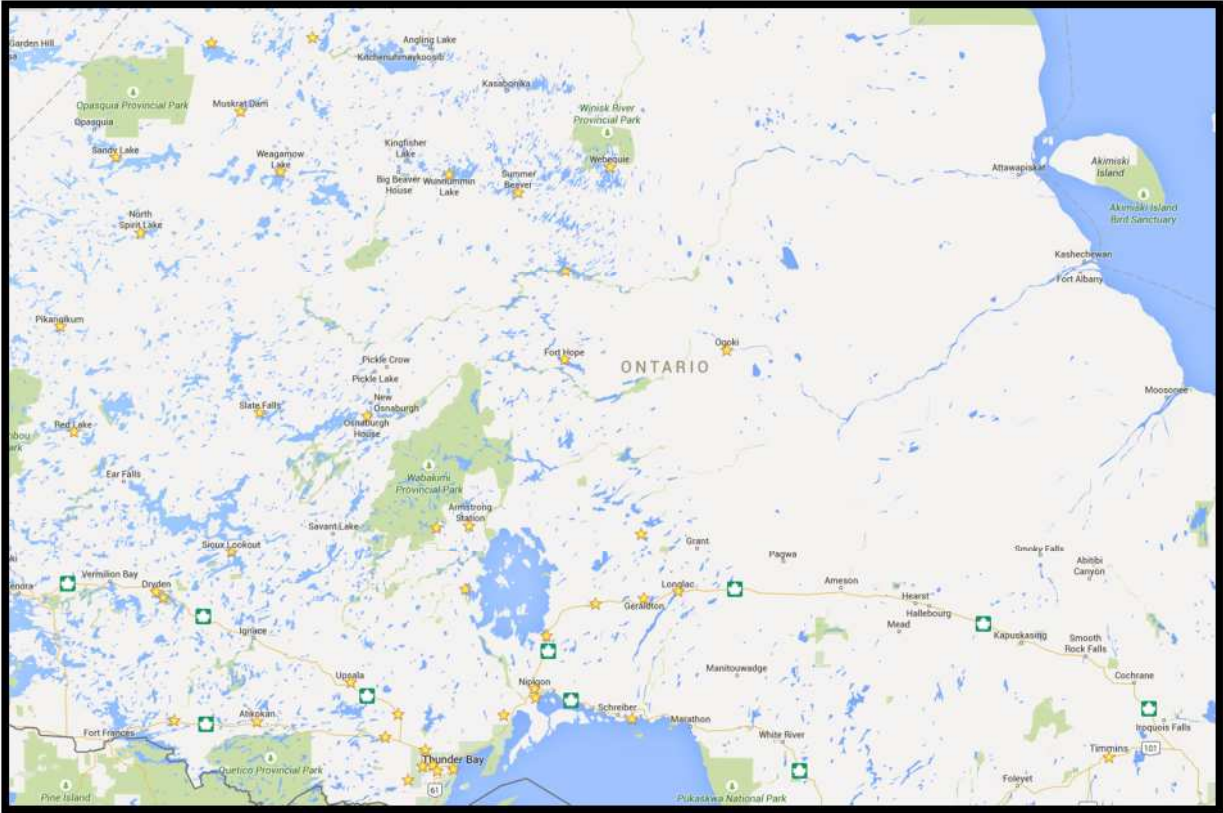
Map 3. Volunteer Income Tax Program Users from outside of the Thunder Bay Census Metropolitan Area

5.3 Wage Calculation Comparison

As previously mentioned, although Canada has not adopted an officially defined measure of poverty, most countries around the world are using the Low Income Measure (LIM) as a starting point. This is beneficial for international comparisons. The 2014 LIM for Canada adjusted for inflation is $24,992 Before-Tax.

Displaying a low income measure can sometimes make it difficult to conceptualize what it means for those working or utilizing government programs.

What does $24,992 look like as an hourly wage assuming a 35 hour workweek (the standard measure for a full-time work week) for 52 weeks a year, with only statutory holidays off?

What do people who receive Ontario Works earn as an hourly wage?

The following chart uses annual figures to be paid out through specific programs or measures and parses them down into an hourly wage.

Assessing the annual incomes of various programs and measures as an hourly rate reveals a harsh reality. Ontario Works recipients are only receiving the equivalent of $4.32 per hour. This totals $36 before-tax per day.

To display the most accurate, comparative figures of annual income and wages, it is important to use before-tax measures of income, as wages are almost exclusively discussed in terms of the before-tax amount. An individual who is working full-time at the minimum wage level in Ontario earns $11.00 per hour, which is $2.02 less than the $13.02 necessary to reach the unofficial poverty line.

Hourly Wage

Figure 8: **Annual and Hourly Income Sources. Note that only males (median income level) in Thunder Bay are earning more that the LIM measured at $16.50 per hour. Those earning Ontario Works receive only about 1/4 of the LIM.**

5.4 Canadian Centre for Policy Alternatives Living Wage Calculation

Currently, the minimum wage in Canada is $11.00 before-tax per hour. This amount translates to an annual income of $20, 020, assuming the individual has worked 35 hours a week and only received statutory vacation time. It's plain to see that working full-time and earning minimum wage, despite the recent upcoming raise is not enough to meet the LIM.

The living wage is one approach that many communities across Canada are advocating as a way to ensure that earned income is sufficient to meet basic needs. A living wage calculation differs from the minimum wage. The minimum wage is the legal minimum that an employer must pay to employees, as determined by the province. A living wage is defined as the hourly rate that a worker in a family would need to earn to meet the basics of quality of life based on the cost of living specific to a community.

The methodology adopted for the Thunder Bay living wage calculation is from the Canadian Centre for Policy Alternatives model. According to the Canadian Centre for Policy Alternatives template, the requirement for a living wage in Thunder Bay is $30,030 annually and $16.50 per hour before-tax. (It is important to remember that the median wage earned by women [$15.27] in Thunder Bay is below this level.) A living wage intends to assess the wage necessary for living a fulfilling and healthy lifestyle. While the living wage is debatable in regards as to what should be included in the calculations, there is broad consensus that a living wage should include the costs of: a home phone, internet usage, healthy foods, utilities, clothing, transportation, health coverage, tuition and daycare, two weeks of pay in savings and recreation. Presently, the hourly gap between the minimum wage and a living wage in Thunder Bay is $5.50 per hour. This is an alarming statistic, and with minimum wage increases being only slight, the gap between the working poor and those that are able to attain a healthy, prosperous lifestyle will grow.

Maximum WSIB amount claimed by females in Thunder Bay and District

- **$10, 849**

Maximum WSIB amount claimed by males in Thunder Bay and District

- **$20, 791**

Figure 9: **Maximum amounts claimed by males and females in Thunder Bay and District.**

6.0 HOUSING
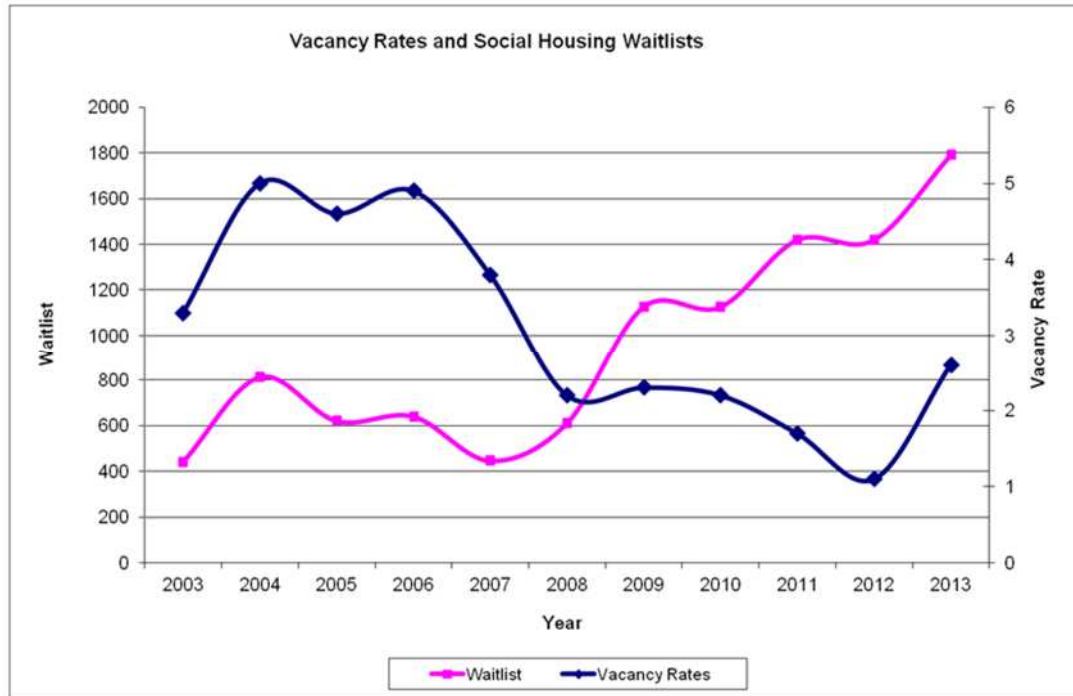
Figure 10. **Vacancy rates and Social Housing Waitlists 2003-2013**

Also alarming is the dramatic increase in emergency shelter usage. Between 2004 and 2011, total bed usage at Shelter House increased by 35%. Below are the emergency shelter average occupancy rates between the years 2011 and 2013.)

Homeless Shelter	Average Occupancy Rate 2011	Average Occupancy Rate 2012	Average Occupancy Rate 2013
Shelter House	97.8%	98%	138%
Salvation Army	79.9%	75%	108%
Shelter Average	**88.85%**	**86.5%**	**123%**

Figure 11: **Emergency shelter average occupancy rates between the years 2011 and 2013.**
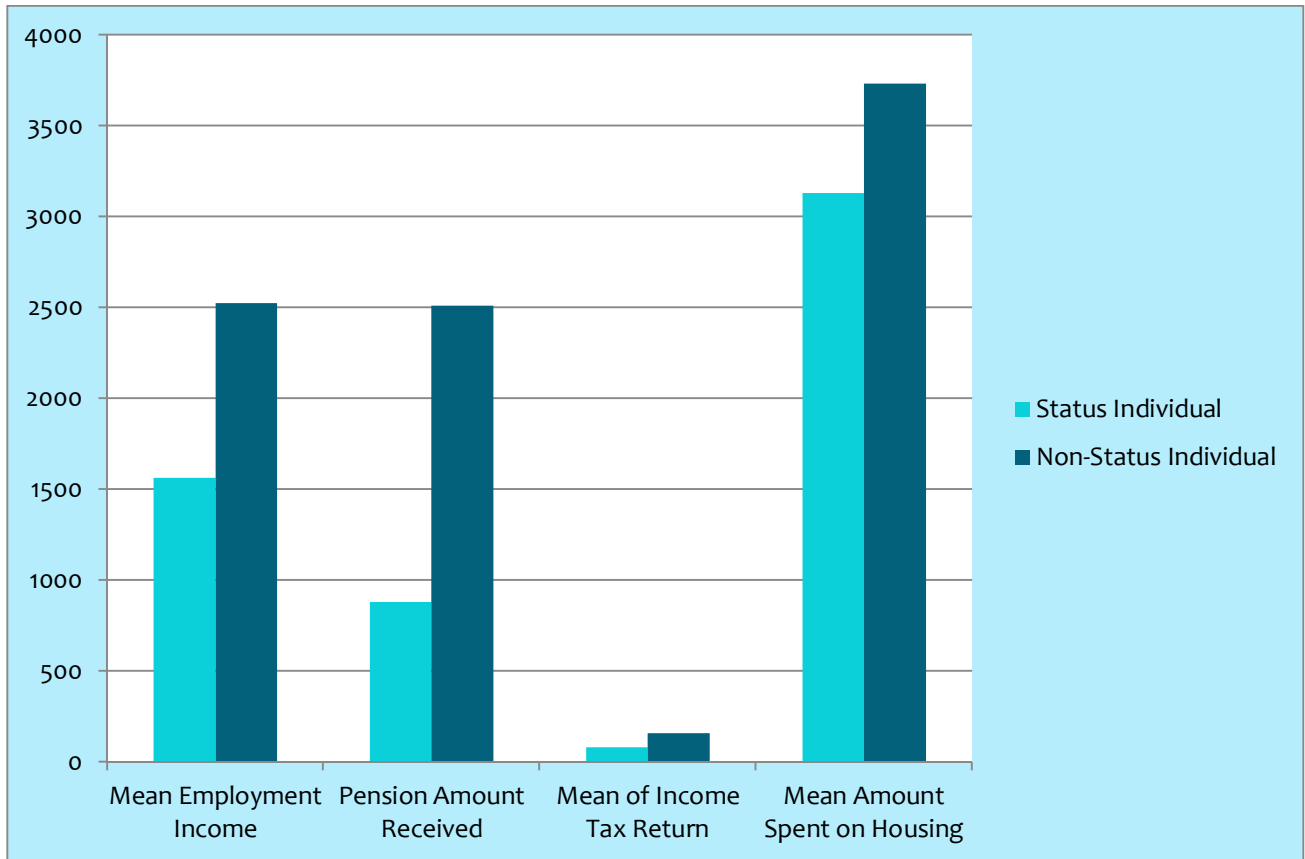
Figure 12. Differences between dollar amounts earned via: tax return, employment, pension, as well as the amount spent on housing for those claiming Aboriginal Status and those who do not in Thunder Bay and District.

The difference in earnings and monies spent on housing between those who claimed Aboriginal Status and those who did not is alarming. Annual earnings from employment and pension are almost about double that for non-Status individuals, while they spend close to the same on housing.

Why is this Important for Thunder Bay and District?

Women experience poverty more than their male counter parts, especially amongst the Aboriginal population. This is especially true in Ontario, where the average annual earnings for a female is $31,600 and for men is $48,600. Women earn less and spend more, especially on housing, which can be seen in figure 13.

Women
- Mean amount spent on housing annually - **$3,651.75**
- Maximum amount spend on housing annually - **$19,200.00**

Men
- Mean amount spent on housing annually - **$3,111.28**
- Maximum amount spend on housing annually -**$14,400.00**
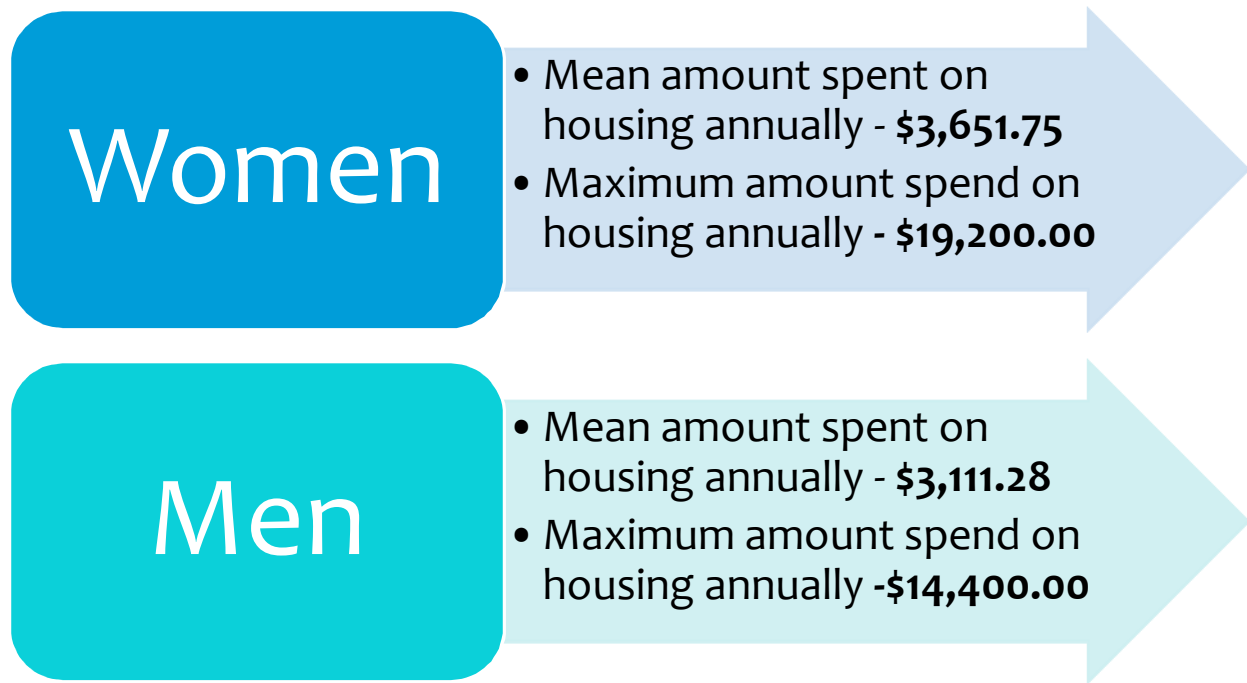
Figure 13: Gender and mean and maximum amounts spent on housing in Thunder Bay and District

Of course, since more women are raising children, this in turn means that more children are being raised in poverty. In Ontario, approximately 1 in 10 single parents (mostly women) did not file their income tax in 2013. Because of this, it is estimated that **60 million dollars** in benefits, credits, and other program monies has not been accessed by this most vulnerable population.

7.0 OTHER RESULTS

- **Widows received less money than any other groups in social assistance.**

- **Widows donate more money than any other group by a large margin.**

- **Single people receive less WSIB than married people**

- **Individuals with five dependents received statistically significantly more in social assistance compared to individuals with 2 dependents (p=.006), 1 dependent (p=.011), and 0 dependents (p=.004).**

- **Individuals with zero dependents received statistically significantly more money in pension assistance compared to individuals with 2 (p=.014) and 1 (p=.001) dependents**

- **Those born between 1940-60 claimed statistically significantly more in medical expenses (all p=.000)**

To contextualize the impact of poverty on a specific community, Thunder Bay was compared to a number of other similar cities. The selected cities were similar regarding their isolation with respect to their geographic location, labour market conditions, demographics, population, health region peer groups and transit peer groups. The next figure looks at these cities in comparison to Thunder Bay and District using two social determinants of health (access to medical care and sense of belonging to the community), along with two other predictors of health and well-being.

	Access to a regular medical doctor	Heavy drinking by region	Sense of belonging to community	Internet use from any location (in the bottom 20% of income)
Thunder Bay	82.3%	26.6%	74.4%	57.7%
Sault Ste. Marie	90.1%	23.8%	65.0%	------
Sudbury	81.6%	21.4%	65.9%	65.9%
Peterborough	94.1%	22.0%	65.5%	73.9%
Kingston	92.9%	19.6%	69.8%	68.5%
Brantford	92.8%	16.1%	63.1%	65.9%
Kamloops	85.9%	21.1%	70.4%	------
Prince George	82.3%	20.3%	71.3%	------
Lethbridge	88.6%	20.3%	71.3%	------
St. John	91.8%	16.1%	77.1%	61.6%
St. John's	90.5%	26.1%	74.5%	58.9%
Moncton	94.3%	26.0%	66.3%	69.2%
Ontario	91.2%	17.1%	67.7%	65.5%
Canada	84.5%	18.9%	65.9%	88.1%

Figure 14: Comparable cities to Thunder Bay

8.0 OTHER KEY FINDINGS:

- **Thunder Bay was the only city in the peer group with no, or negative population growth.**

- **Thunder Bay ranks only higher than two cities (Moncton and Kamloops) in average discretionary income**

- **In terms of labour market characteristics, two results were noteworthy. Thunder Bay had the 4th lowest unemployment rate and only Sault Ste. Marie, Prince George and Lethbridge had lower unemployment rates. However, Thunder Bay has the 11th lowest rate of participation in the labour market. One city that shared this trend was Sault Ste. Marie. It is unclear if this suggests an increase in absolute poverty or if other factors are at-play.**

- **Thunder Bay ranks 6th highest in the percentage of people who use public transportation to travel to work with 2.93%.**

- **Thunder Bay ranks 7th highest percentage of doctors per 1,000 people with 2.39, while Kingston has the highest number of doctors per 1,000 people with 4.36.**

- **Thunder Bay ranks 5th in the percentage of individuals living in low income after-tax with 12.9%. Greater Sudbury had the lowest percentage of individuals in low income with 11.1%, while St. John had the highest percentage with 14.7%.**

- **Thunder Bay had the lowest vacancy rate within the peer group at 2.4% and the 5th highest median rent for a two-bedroom ($862).**

9.0 CONCLUSIONS AND RECOMMENDATIONS

Based on the evidence gathered in this report, some general conclusions may be drawn. While there are fluctuations over time, it can be observed that both the percentage of people living in low income, as well as the unemployment rate, are very slightly and gradually trending downward. However, other key social indicators, especially with regards to housing, show a dramatic increase in the number of individuals who are struggling to meet their basic needs. This suggests that while levels of relative poverty are trending downward slightly, levels of absolute poverty are rising. In other words, the "bottom is falling out" and the position of the lowest income groups is becoming more grave.

Building on the recommendations contained in the Poverty Reduction Strategy's "Building a Better Thunder Bay for All" report, there are three key commitments that could help to make a difference in the lives of low income individuals. These are as follows:

Commitment 11.2 – Assist in the development of the expansion and affordability of internet access and education

- **Recommendation: The City of Thunder Bay examine its e-waste policies and the feasibility of distributing old computer hardware to low-income individuals through partnerships with local charities, and that to these ends a corporate report be drafted.**

- Rationale: The necessity for internet access is increasingly critical in order to address multiple areas of everyday life. Although Thunder Bay ranks highest in our peer group for internet usage by the general population (88.1%), it ranks lowest (57.7%) in internet usage among individuals in the bottom 20% of income.

Commitment 3.1: Develop partnerships for the purpose of determining the number of homeless people in Thunder Bay to be updated on an annual basis

- **Recommendation: The City of Thunder Bay fund an annual homeless point-in-time count.**

- Rationale: Although indications suggest relative poverty is trending downward slightly over a ten year period, absolute poverty is dramatically increasing, as evidenced by shelter occupancy rates. More information is necessary to better understand the increase in absolute poverty, and in order to inform policy.

Commitment 12.0: Improve transportation affordability and accessibility

- **Recommendation: The City of Thunder Bay endorses the Thunder Bay Transit Master Plan recommendation that subsidized bus fare be implemented for low income individuals and families. Furthermore, implement the Thunder Bay Transit Master Plan recommended route network and terminal concept.**
- Rationale: Volunteer income tax data demonstrates that there is no discernable difference between low income group demographics and the purchase of multi-ride passes. Multi-ride passes provide the cheapest per-ride fare rate, yet only 3% of the sample size purchased a multi-ride pass suggesting affordability may be an issue. Transportation is a barrier that prevents low income individuals from escaping poverty. Enhancing public transportation affordability can have a number of anticipated and unanticipated benefits.

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